



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice, request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Financial Statements for Holding Companies (FR Y-9 family of reports) (OMB No. 7100-0128).

DATES: Comments must be submitted on or before **[INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: You may submit comments, identified by *FR Y-9C*, *FR Y-9LP*, *FR Y-9SP*, *FR Y-9ES*, or *FR Y-9CS*, by any of the following methods:

- Agency Website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: regs.comments@federalreserve.gov. Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at

<http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in

Room 3515, 1801 K Street (between 18th and 19th Streets NW) Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB’s public docket files, if approved. These documents will also be made available on the Federal Reserve Board’s public website at:

<http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC, 20551.

SUPPLEMENTARY INFORMATION: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. In exercising this delegated authority, the

Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

Request for comment on information collection proposal

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Federal Reserve should modify the proposal.

Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following reports:

Report title: Financial Statements for Holding Companies.

Agency form number: FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9ES, and FR Y-9CS.

OMB control number: 7100-0128.

Frequency: Quarterly, semiannually, and annually.

Reporters: Bank holding companies, savings and loan holding companies, securities holding companies, and U.S. Intermediate Holding Companies (collectively, holding companies (HCs)).

Estimated average hours per response: FR Y-9C (non-advanced approaches holding companies): 46.29 hours; FR Y-9C (advanced approached holding companies HCs): 47.54 hours; FR Y-9LP: 5.27 hours; FR Y-9SP: 5.40 hours FR Y-9ES: 0.50 hours; FR Y-9CS: 0.50 hours.

Estimated number of respondents: FR Y-9C (non-advanced approaches holding companies): 623; FR Y-9C (advanced approached holding companies): 18; FR Y-9LP: 761; FR Y-9SP: 3,613 FR Y-9ES: 84; FR Y-9CS: 236.

Estimated annual burden hours: FR Y-9C (non-advanced approaches holding companies): 115,355 hours; FR Y-9C (advanced approached holding companies): 3,423 hours; FR Y-9LP: 16,042 hours; FR Y-9SP: 39,020; FR Y-9ES: 42 hours; FR Y-9CS: 472 hours.

General description of report: The FR Y-9C serves as standardized financial statements for the consolidated holding company. The FR Y-9 family of reporting forms continues to be the primary source of financial data on HCs that examiners rely on between on-site inspections.

Financial data from these reporting forms is used to detect emerging financial problems, review performance, conduct pre-inspection analysis, monitor and evaluate capital adequacy, evaluate HC mergers and acquisitions, and analyze an HC's overall financial condition to ensure the safety and soundness of its operations. The Board requires HCs to provide standardized financial statements to fulfill the Board's statutory obligation to supervise these organizations.

HCs file the FRY-9C on a quarterly basis, FR Y-9LP quarterly, and the FR Y-9SP semiannually,

the FR Y-9ES annually, and the FR Y-9CS on a schedule that is determined when this supplement is used.

Proposed revisions:

The Board is proposing a number of revisions to the FR Y-9C requirements, most of which are consistent with proposed changes to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036). The proposed revisions to the FR Y-9C include deleting certain data items, consolidating existing data items into new data items, and adding new or raising existing reporting thresholds for certain data items to reduce reporting burden. As discussed below, all of the proposed changes resulted from an extensive analysis of the uses of Call Report data which is generally aggregated on the FR Y-9C report, to include a series of nine surveys conducted over a 19-month period that began in mid-July 2015 and ended in mid-February 2017. Based on the results of the user surveys, the Board identified data items to be considered for removal and new or revised reporting thresholds to reduce burden. The Board believes that consistent changes should be made to the FR Y-9C to ensure burden reductions are fully realized. Additional detail on specific line items that will be revised are discussed below. The proposed revisions would be effective beginning with the reports reflecting the June 30, 2018, report date. The proposed changes include:

- Combining certain data items into new or existing data items pertaining to
 - (1) Interest-only strips on Schedule HC-F – Other Assets;
 - (2) Certain 1-4 family residential mortgage banking activities on Schedule HC-P;
 - (3) Loans measured at fair value and the unpaid principal balances of such loans on HC-Q – Memoranda;

- (4) Certain types of credit exposures, ownership interests, credit exposures to securitization facilities sponsored by HCs, and transactions involving small business obligations on Schedule HC-S; and
- (5) Certain detail on Schedule HC-V – Variable Interest Entities (VIEs), on consolidated VIEs used as asset-backed commercial paper (ABCP) conduits and certain detail on other VIEs;
- Deleting certain data items on Schedules HC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets; HC-P – 1-4 Family Residential Mortgage Banking Activities in Domestic Offices; HC-Q – Assets and Liabilities Measured at Fair Value on a Recurring Basis-Memoranda; and Schedule HC-S – Servicing, Securitization, and Asset Sale Activities; and
- Adding new and revising existing reporting thresholds for certain data items on Schedule HC-P, HC-Q, and HC-S.

Detailed Discussion of Proposed Revisions

Schedule HC-F – Other Assets

The Board proposes to combine the reporting of interest-only strips receivable on Schedule HC-F, which are currently reported in data items 3(a) for those on mortgage loans and 3(b) for those on other financial assets, into a single new item 3, Interest-only strips receivable.

Schedule HC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets

The Board proposes to delete Schedule HC-N, Memoranda, data items 5(b)(1) and 5(b)(2), columns A through C pertaining to past due and nonaccrual status of the fair value and unpaid principal balance of held-for-investment loans measured at fair value. Memorandum item 5(a), “Loans and leases held for sale,” would be renumbered as item 5 for columns A through C.

Schedule HC-P – 1-4 Family Residential Mortgage Banking Activities in Domestic Offices

The Board proposes to modify the reporting criteria for Schedule HC-P by removing the current \$1 billion asset-sized threshold and applying only the Schedule's existing activity-based threshold. As proposed, Schedule HC-P would be completed by HCs where any of the following residential mortgage banking activities (in domestic offices) exceeds \$10 million for two consecutive quarters:

- Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources during a calendar quarter;
- Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan sales during a calendar quarter; or
- Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loans held for sale or trading at calendar quarter-end.

The Board also proposes to combine a number of data items pertaining to 1-4 family residential mortgage banking activity detail collected in this schedule for closed-end loans and commitments under open-end loans for retail originations (item 1), wholesale originations and purchases (item 2), mortgage loans sold (item 3), mortgage loans held for sale or trading (item 4), and repurchases and indemnifications of mortgage loans (item 6). Specifically, the Board proposes to:

- Combine 1(a), 1(b), and 1(c)(1) into new data item 1;
- Combine 2(a), 2(b), and 2(c)(1) into new data item 2;
- Combine 3(a), 3(b), and 3(c)(1) into new data item 3;
- Combine 4(a), 4(b), and 4(c)(1) into new data item 4; and
- Combine 6(a), 6(b), and 6(c)(1) into new item 6.

The Board also proposes to combine data items 5(a) and 5(b) pertaining to noninterest income from the sale, securitization, and servicing of closed-end and open-end 1-4 family residential mortgage loans into new data item 5. In addition, the Board proposes to remove data items 1(c)(2), 2(c)(2), 3(c)(2), 4(c)(2), and 6(c)(2) pertaining to the principal amount funded for open-end loans extended under lines of credit for each of the above listed categories.

Schedule HC-Q – Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Board proposes to modify the reporting criteria for Schedule HC-Q by applying an activity threshold. Schedule HC-Q would be completed only by HCs that (1) have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or (2) are required to complete Schedule HC-D, Trading Assets and Liabilities. HCs that do not meet either of these criteria would no longer need to complete this schedule, regardless of asset size.

The Board also proposes to delete column B (domestic offices) on Schedule HC-Q, for the fair value and the unpaid principal balance of such loans currently collected in Memorandum items 3 and 4, respectively. The Board proposes to combine certain existing loan categories in Memorandum items 3 and 4 for fair value option loans secured by 1-4 family residential properties, detail on revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit; closed-end loans secured by first liens on 1-4 family residential properties; and closed-end loans secured by junior liens on 1-4 family residential properties that currently are reported for domestic offices in column B would be consolidated into a single category and collected for the consolidated HC. For fair value option loans secured by real estate other than 1-4 family residential properties, detail on construction, land development, and other land loans; loans secured by farmland; loans secured by multifamily (5 or more) residential

properties; and loans secured by nonfarm nonresidential properties that currently are reported for domestic offices in column B would be consolidated into a single category and collected for the consolidated HC. These proposed revisions would replace the existing items for total fair value option loans secured by real estate for the consolidated HC. For fair value option consumer loans, detail for the consolidated HC on credit cards, other revolving credit plans, automobile loans, and other consumer loans would be consolidated into a single category. More specifically, the Board proposes to:

- Delete existing Memoranda items 3(a) and 4(a), column A, on the fair value and the unpaid principal balance of consolidated loans secured by real estate;
- Combine existing Memorandum items 3(a)(3)(a), 3(a)(3)(b)(i), and 3(a)(3)(b)(ii), column B, into new Memorandum item 3(a)(1) for the fair value of consolidated loans secured by 1-4 family residential properties measured at fair value;
- Combine existing Memorandum items 3(a)(1), 3(a)(2), 3(a)(4), and 3(a)(5), column B, into new Memorandum item 3(a)(2) for the fair value of all other loans secured by real estate measured at fair value;
- Combine existing Memorandum items 3(c)(1) through 3(c)(4) into new Memorandum item 3(c) pertaining to the fair value of all consumer loans measured at fair value;
- Combine existing Memorandum items 4(a)(3)(a), 4(a)(3)(b)(i), and 4(a)(3)(b)(ii), column B, into new Memorandum item 4(a)(1) pertaining to the unpaid principal balance of consolidated loans secured by 1-4 family residential properties that are measured at fair value;

- Combine existing Memorandum items 4(a)(1), 4(a)(2), 4(a)(4), and 4(a)(5), column B, into new Memorandum item 4(a)(2) pertaining to the unpaid principal balance of all other loans secured by real estate measured at fair value for the consolidated HC; and
- Combine existing Memorandum items 4(c)(1) through 4(c)(4) into new Memorandum item 4(c) pertaining to the unpaid principal balance of all consumer loans measured at fair value.

Schedule HC-S – Servicing, Securitization, and Asset Sale Activities

The Board proposes the following revisions to Schedule HC-S:

- Combine data items 2(a), 2(b), and 2(c) into new item 2, columns A through G, pertaining to the maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements in the form of retained interest-only strips, subordinated securities and other residual interests, and standby letters of credit and other enhancements;
- Add a reporting threshold of \$100 billion or more in total assets before HCs must complete Schedule HC-S, data item 3, which is used for reporting unused commitments to provide liquidity to structures reported in item 1 involving assets sold and securitized by the reporting HC with servicing retained or with recourse or other seller-provided credit enhancements;
- Combine data items 6(a) and 6(b) pertaining to ownership (or seller's) interests carried as securities or loans into new data item 6. The Board also proposes to add a reporting threshold of \$10 billion or more in total consolidated assets before HCs must complete data item 6;

- Delete data items 7(a) and 7(b) pertaining to loan amounts included in ownership (or seller's) interests carried as securities that are 30-89 days past due and 90 days or more past due, respectively;
- Delete data items 8(a) and 8(b) pertaining to charge-offs and recoveries, respectively, on loan amounts included in the ownership (or seller's) interests carried as securities that are currently reported in 6(a);
- Combine data item 9, columns B (home equity lines) and C (credit card receivables), pertaining to the maximum amount of credit exposures arising from credit enhancements in the form standby letters of credit, purchased subordinated securities, and other enhancements provided by the reporting HC to other institutions' securitization structures, into existing column G, All other loans, all leases, and all other assets;
- Add a reporting threshold of \$10 billion or more in total assets for reporting unused commitments to provide liquidity to other institutions' securitization structures in item 10. The Board also proposes to combine data item 10, columns B (home equity lines) and C (credit card receivables), pertaining to a reporting institution's unused commitments to provide liquidity to other institutions' securitization structures, respectively, into existing column G;
- Combine data item 11, columns B through F, pertaining to assets sold with recourse or other seller-provided credit enhancements and not securitized, into existing column G. The activities reported in columns B through F pertain to home equity lines, credit card receivables, auto loans, other consumer loans, and commercial and industrial loans, respectively;

- Combine data item 12, columns B through F, pertaining to the maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements on assets sold with recourse or other seller-provided credit enhancements and not securitized, into existing column G;
- Delete Memorandum items 1(a) and 1(b) pertaining to the outstanding principal balance and the amount of retained recourse, respectively, on small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, and include the amounts previously reported in these two memorandum items in either items 1 or 2 (column F) or items 11 and 12 (column G), depending on whether the obligations were securitized or not securitized, respectively; and
- Add a reporting threshold of \$10 billion or more in total assets for reporting the detail on ABCP conduits in Memorandum items 3(a)(1) through 3(b)(2), and the amount of outstanding credit card fees and finance charges included in credit card receivables sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements in Memorandum item 4. To complete Memorandum item 4, a HC with \$10 billion or more in total assets would also need to meet one of the existing criteria for reporting this information, i.e., the HC, together with affiliated institutions, has outstanding credit card receivables that exceed \$500 million as of the report date, or the HC is a credit card specialty HC (as defined in the instructions).

Schedule HC-V– Variable Interest Entities

The Board proposes to consolidate information collected on consolidated VIEs used as ABCP conduits (column B) and other VIEs (column C) for all items into a single column B

covering all VIEs other than those used as securitization vehicles (which will continue to be reported in column A). In lieu of the detailed breakdown of assets and liabilities of ABCP conduit VIEs currently reported in column B, the Board proposes to collect data on the total assets and total liabilities of such VIEs in new data items 5 and 6, respectively. For these ABCP conduit VIEs, the total assets item would include the assets that could be used only to settle these VIEs' obligations, which are currently reported in items 1(a) through 1(k), column B, and all other assets of these VIEs, which are currently reported in item 3, column B; the total liabilities items would include these VIEs, liabilities for which creditors do not have recourse to the general credit of the reporting bank, which are currently reported in items 2(a) through 2(e), column B, and all other liabilities of the VIEs, which are currently reported in item 4, column B. In the two columns that would remain, the Board proposes to:

- Combine data items 1(b) and 1(c), pertaining to held-to-maturity and available-for-sale securities, into a single new item 1(b), Securities not held for trading;
- Combine data items 1(e) through 1(g), pertaining to loans and leases held for sale, loans and leases held for investment, and the allowance for loan and lease losses, into a single new item 1(c), Loans and leases held for investment, net of allowance, and held for sale;
- Combine data items 2(c) and 2(d), pertaining to commercial paper and other borrowed money, into a single new item 2(a), Other borrowed money;
- Delete data items 1(d), 1(h), and 1(i), pertaining to securities purchased under agreements to resell, trading assets (other than derivatives), and derivative trading assets. The data currently reported in these items would be included in existing data

- item 1(k), Other assets, which would be renumbered as data item 1(e). Existing data item 1(j) Other real estate owned would be renumbered 1(d); and
- Delete VIE detail on data items 2(a) and 2(b), pertaining to securities sold under agreements to repurchase and derivative trading liabilities. The data currently reported in these items would be included in existing data item 2(e), Other liabilities, which would be renumbered as data item 2(b).

Legal authorization and confidentiality: The FR Y-9 family of reports is authorized by section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)), section 10 of Home Owners' Loan Act (12 U.S.C. 1467a(b)) and section 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") (12 U.S.C. 1850a(c)(1)), and section 165 of the Dodd-Frank Act (12 U.S.C. 5365). The obligation of covered institutions to report this information is mandatory.

With respect to the FR Y-9LP, FR Y-9SP, FR Y-9ES, FR Y-9CS, as well as most items on the FR Y-9C, the information collected would generally not be accorded confidential treatment. If confidential treatment is requested by a respondent, the Board will review the request to determine if confidential treatment is appropriate.

With respect to the FR Y-9C, Schedule HI's item 7(g) "FDIC deposit insurance assessments," Schedule HC-P's item 7(a) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to U.S. government agencies and government sponsored agencies," and Schedule HC-P's item 7(b) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to other parties" are considered confidential. Such treatment is appropriate because the data is not publicly available and could cause substantial harm to the competitive position of the respondent. The public release of this confidential data may impair

the Board's future ability to collect similarly confidential data. Thus, this information may be kept confidential under exemptions (b)(4) of the Freedom of Information Act, which exempts from disclosure "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (5 U.S.C. 552(b)(4)), and (b)(8) of the Freedom of Information Act, which exempts from disclosure information related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions (5 U.S.C. 552(b)(8)). If confidential treatment is requested by a respondent for other items in the FR Y-9C, the Board will review the request to determine if confidential treatment is appropriate.

Board of Governors of the Federal Reserve System, April 24, 2018.

Ann Misback,

Secretary of the Board.

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